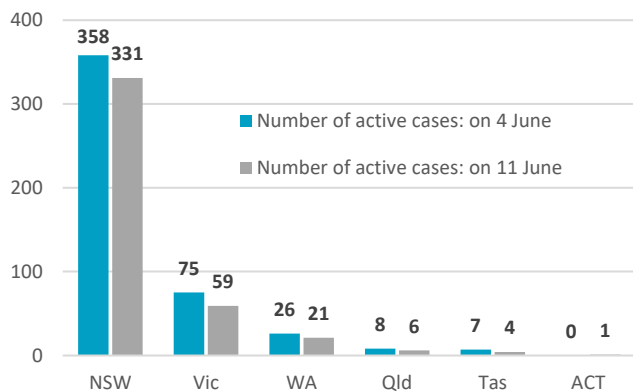


ASFA Economic Snapshot: week ending 12 June

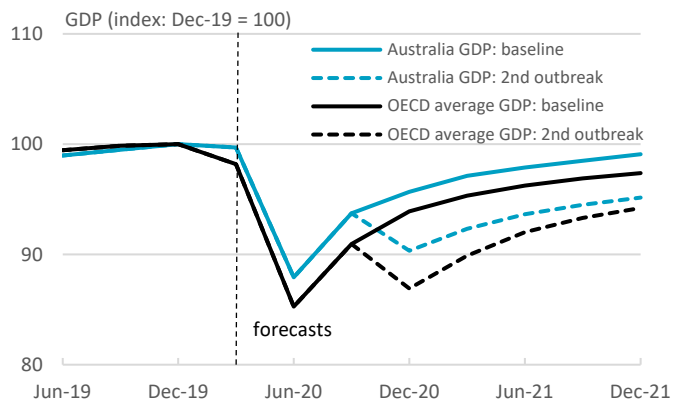
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Active virus cases decrease across the states ...



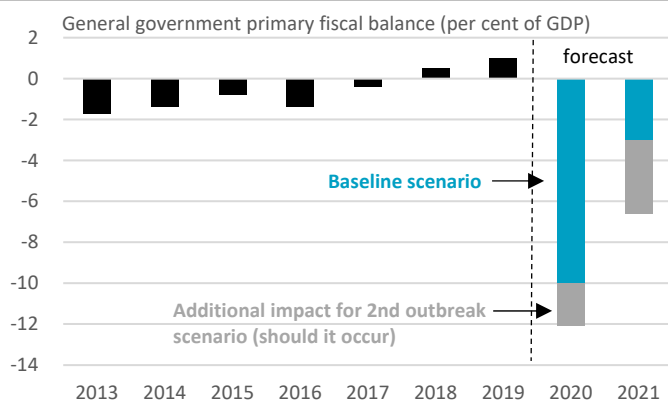
Nationally, the number of active cases decreased by 52 (or 11%) during the past week. The number of new cases averaged 6 per day, while the number of recoveries averaged 14 per day. By state/territory, the number of cases decreased for all jurisdictions during the past week, except for the ACT (there were no cases in either week for SA or NT).

Australia's GDP is forecast to fare better than others' ...



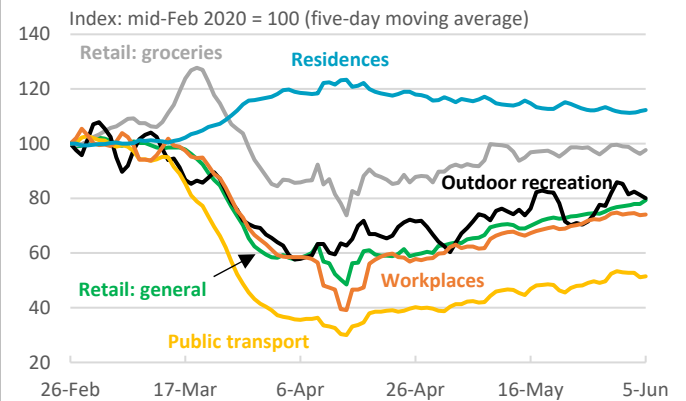
The OECD's latest Economic Outlook includes forecasts for scenarios where countries experience either a single virus outbreak (baseline), or a second outbreak. Overall, Australia is expected to have a (slightly) shallower downturn compared with the OECD-country average, and to recover quicker. In annual terms, Australia's GDP is forecast to fall by 4.4% in 2019-20 and by a further 4.2% in 2020-21 (baseline scenario).

... but Australia's fiscal position will deteriorate sharply



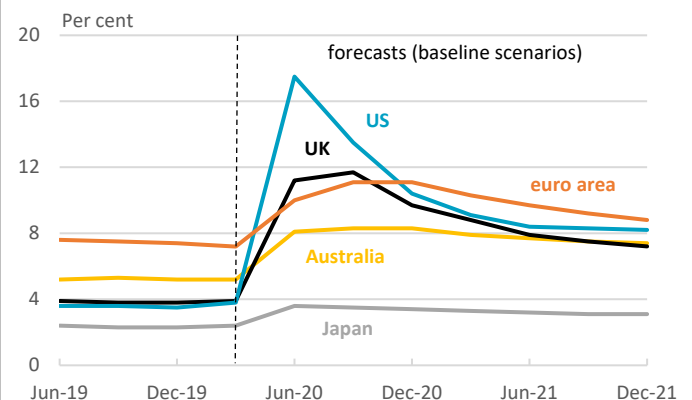
That Australia is expected to perform better than most other advanced economies in part reflects the positive impact of fiscal measures (in particular, the JobKeeper scheme) in supporting jobs and output. Of course, the government's response (which is large compared with other countries as a share of GDP), will lead to a sharp deterioration in the Commonwealth's fiscal position – as the OECD forecasts demonstrate.

... as Australians get more active



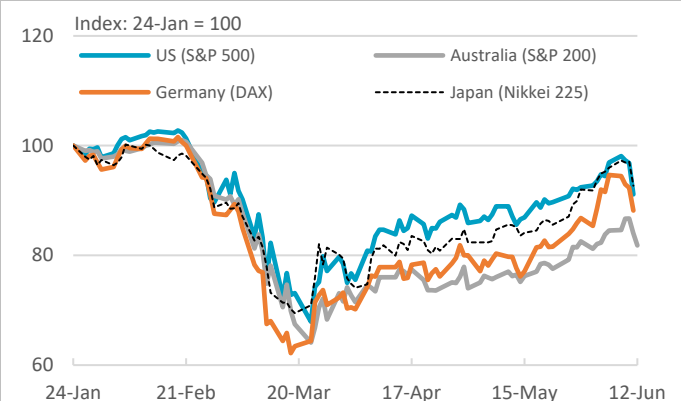
For six broad location categories, the above chart shows an aggregated metric for the number of visits/amount of time stayed – compared to January 2020 (derived from Google location data). For Australia as a whole, activity with respect to both general retailing and outdoor recreation is now around 80% of pre-crisis levels.

... as is the labour market ...



Consistent with its outlook for GDP, the OECD expects Australia's unemployment rate to peak at lower levels than for most other OECD countries. In the baseline scenario, unemployment reaches 8.3%, although recent ATO data on the number of jobs (down 7.3% for the 7 weeks to early-May) suggests that the forecast may be optimistic. The RBA expects unemployment to peak at 10% in June 2020.

Finally, a reality check



Major global equity markets fell sharply at the end of this week, following an extended period of steady gains that was at odds with weak economic fundamentals. The US S&P 500 had reached pre-crisis levels earlier in the week, and then fell by 6% on Thursday amid concerns that a second wave of virus cases is emerging in some US states. Equity markets in other major economies followed suit.